CIRCULAR LETTER

TO : All Life Insurance Companies and Mutual Benefits Association Doing Business in the Philippines

SUBJECT : Uniform Chart of Accounts for Life Insurance Companies and Mutual Benefits Association

In line with the implementation of new accounting standards, a revised chart of accounts is attached enumerating the minimum accounts to be maintained in the company’s books and indicating thereof the proper account name, definition and classification under the current accounting practice and Philippine Financial Reporting Standards (PFRS).

In view thereof, all life insurance companies and mutual benefit associations are enjoined to use this chart of accounts starting January 1, 2006.

Please be guided accordingly.

EVANGELINE CRISOSTOMO-ESCOBILLO
Insurance Commissioner

cc: HON. MARGARITO B. TEVES
Secretary
Department of Finance
CHART OF ACCOUNTS for LIFE INSURANCE COMPANIES

ASSETS

1. CASH ON HAND
This represents the total amount of undeposited collections and the different types of working funds in the custody of the cashier and/or fund custodian at the company’s Head Office and branches. This may consist of:

1.1. Undeposited Collections - This represents Philippine currency notes and coins, checks, bank drafts, Postal Money Orders, and other cash items in favor of the company to be deposited in the bank on the following banking day. This does not include postdated checks and returned checks which have been dishonored by the bank due to insufficient funds.

1.2. Petty Cash Fund - This represents fund that is established to defray immediate minimal disbursements which are evidenced by duly accomplished and approved petty cash vouchers with the corresponding supporting receipts and other cash documents. This fund shall be maintained under an imprest system.

1.3. Commission Fund - This represents fund that is established for the purpose of paying commission to agents where the amounts are less than the minimum amount prescribed for check payments. This fund shall be maintained under an imprest system.

1.4. Policy Loan Fund - This represents fund that is established for the sole purpose of paying policyholder’s cash loans where the amounts are less than the minimum amount prescribed for check payments. This fund shall be maintained under an imprest system.

1.5. Documentary Stamps Fund - This represents fund that is set up for documentary stamps for affixation to policy loan agreements, promissory notes, certificates of authority and other legal documents.

2. CASH IN BANKS
This represents non-interest and interest bearing account balances maintained in various banks by the company’s Head Office and branches. At each financial reporting date, foreign currency denominated account balances shall be translated to the company’s functional currency using the closing exchange rate (PDS or other equivalent rates).

2.1. Cash in Banks - Current - This represents checking account balances in banks maintained by the company’s Head Office and branches.

2.2. Cash in Banks - Savings - This represents savings deposit account balances in banks maintained by the company’s Head Office and branches
2.3. Time Deposits - This represents interest yielding bank account balances evidenced by a Time Deposit Certificate and available upon maturity.

3. PREMIUMS DUE AND UNCOLLECTED
This represents net premiums due and uncollected at the end of the accounting period on all policies which are classified as in force on the company’s valuation records. These are net premiums that are due and uncollected within the grace period.

4. NET DEFERRED PREMIUMS
This represents premiums from policies classified as premium paying on the company’s valuation records that fall due both within the current policy year and within the next following calendar year. This account is offset versus the aggregate reserves account, although accounted for separately with supporting details.

5. DUE FROM CEDING COMPANIES
This represents the amount of reinsurance premiums due from ceding companies as a result of treaty or facultative reinsurances accepted.

6. FUNDS HELD BY CEDING COMPANIES
This represents amounts pertaining to a certain percentage of the total reinsurance premiums due within one year from date of retention being held by ceding companies.

7. AMOUNTS RECOVERABLE FROM REINSURERS
This represents amount recoverable from reinsurers arising from paid claims.

7.1. Allowance for Impairment Losses - This represents the amount set up to provide for losses which may arise from non-collection of the amounts recoverable from reinsurers.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS
This represents financial assets which are carried at fair value through profit and loss.

8.1. Securities Held For Trading - This represents debt and equity securities that are:
(a) acquired principally for the purpose of selling or repurchasing it in the near term; or
(b) part of a portfolio of identified securities that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

This shall comprise of the following sub-accounts based on the types of securities held:
- Trading Debt Securities - Government - This represents debt instruments issued by the government and its instrumentalities (government agencies, local governments, government owned and controlled corporations). This includes treasury bills, treasury notes and ROP bonds.
- Trading Debt Securities - Private - This represents debt instruments issued by private corporations, whether domestic or foreign, such as commercial
papers, notes and bonds.

- Trading Equity Securities - This represents common and preferred shares of stock of companies other than those of subsidiaries, associates and joint ventures.

- Mutual, Unit Investment Trust and Other Funds - This represents units held in mutual funds and such other similar types which are generally redeemable any time and where the values are determined based on the daily net asset value per share or unit

8.2. Financial Assets Designated at Fair Value Through Profit or Loss - This represents financial assets which the company, upon initial recognition, has designated at fair value through profit or loss. This shall comprise of the following sub-accounts based on the types of securities held:
  8.2.a. Debt Securities – Government
  8.2.b. Debt Securities – Private
  8.2.c. Equity Securities
  8.2.d. Mutual Funds and Unit Investment Trust
  8.2.e. Others

8.3. Derivative Assets - This represents the positive fair value of the company's derivatives which are not designated and considered effective hedging instruments. This shall comprise of the following sub-accounts based on the types of derivative contracts:

  8.3.a. Foreign exchange contracts - This represents contracts to purchase/sell foreign currencies at a future date at a fixed rate.

  8.3.b. Interest rate contracts - This represents contracts related to an interest bearing financial instrument or whose cash flows are determined by referencing interest rates or another interest rate contract.

  8.3.c. Equity contracts - This represents contracts where the returns are linked to the price of a particular equity or equity index.

9. AVAILABLE-FOR-SALE (AFS) FINANCIAL ASSETS
This represents non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held to maturity or financial assets at fair value through profit or loss.

9.1. AFS Debt Securities – Government
9.1.a. Unamortized Discount/Premium - This represents the unamortized discount/premium on AFS government debt securities which shall be debited/credited monthly to this account. Amortization of premium/discount is based on the effective interest rate method.
9.2. AFS Debt Securities – Private
9.2.a. Unamortized Discount/Premium

9.3. AFS Equity Securities

9.4. Allowance for Impairment Losses - This represents the amount of impairment loss incurred on the AFS securities.

10. HELD-TO-MATURITY (HTM) INVESTMENTS
This represents quoted debt securities with fixed or determinable payments and fixed maturity that the company has the positive intention and ability to hold to maturity other than:
   (a) those that the company upon initial recognition designates as at fair value through profit or loss;
   (b) those that the company designates as available for sale;
   (c) those that meet the definition of loans and receivables.
Investments intended to be held for an undefined period shall not be included in this classification.

10.1. HTM Debt Securities – Government
10.1.a. Unamortized Discount/Premium - This represents the unamortized discount/premium on the HTM debt securities which shall be debited/credited monthly to this account. Amortization of premium/discount is based on the effective interest rate method.

10.2. HTM Debt Securities – Private
10.2.a. Unamortized Discount/Premium

10.3. Allowance for Impairment Losses - This represents the amount of impairment loss incurred on the HTM securities.

11. LOANS AND RECEIVABLES
This represents non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than:
   (a) those that the company intends to sell immediately or in the near term, which shall be classified as held for trading, and those that the company upon initial recognition designates as at fair value through profit or loss;
   (b) those that the company upon initial recognition designates as available for sale;
   (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

Loans and receivables which are quoted shall be classified as debt securities.

The Loans and Receivables shall be comprised of the following sub-accounts:
11.1. Real Estate Mortgage Loans - This represents the outstanding balances of loans secured by first mortgage on real estate properties.

11.2. Collateral Loans - This represents the outstanding balances of loans granted to companies or individuals secured by pledges of shares of stock, bonds and/or other securities.

11.3. Guaranteed Loans - This represents the outstanding balances of loans granted to companies or individuals which are covered by guarantees from other entities or individuals.

11.4. Chattel Mortgage Loans - This represents the outstanding balances of loans secured by mortgage of chattels or personal properties (i.e. car plan).

11.5. Policy Loans - This represents the outstanding balances of loans granted to policyholders at prescribed interest rates, fully secured by the cash surrender value of the underlying insurance policy. These may be in the form of a cash loan applied for the policyholder or Automatic Premium Loan applied by the company to cover premium(s) due on the policy still unpaid after the grace period.

11.5.a. Unearned Interest Income (credit balance) - This represents advanced interest on policy loans which have not been earned by the company as of the end of the accounting period.

11.6. Notes Receivable - This represents interest bearing loans granted by the company and evidenced by duly approved and notarized Promissory Notes.

11.7. Housing Loans - This represents outstanding balances of loans granted to employees secured by a mortgage covering their house and lot.

11.8. Car Loans - This represents outstanding balances of loans granted to employees secured by a mortgage covering their cars.

11.9. Low Cost Housing - This represents the outstanding balances of loans granted to employees and other selected non-group employees for low cost housing projects as approved and participated upon by government agencies.

11.10. Sales Contract Receivables - This represents the uncollected portion of the consideration on the sale of real estate owned by the company, whereby title to the property sold has been transferred to the buyer, and subject of a deed of sale with mortgage.

11.11. Unquoted Debt Securities - This represents unquoted debt securities with fixed or determinable payments and fixed maturity.

11.12. Other Loans Receivables - This represents all other loans which can not be
classified under any of the foregoing loan accounts.

11.13. Allowance for Impairment Losses - This represents the amount set up to provide for losses which may arise from non-collection of receivables.

12. INVESTMENTS INCOME DUE AND ACCRUED
This represents income earned but not yet received as of the end of the accounting period. This account consists of the following sub-accounts:

12.1. Accrued Interest Income – Cash in Banks

12.2. Accrued Interest Income - Financial Assets at FVPL
   12.2.1. Securities Held for Trading
      12.2.1.a. Debt Securities – Government
      12.2.1.b. Debt Securities – Private
   12.2.2. Financial Assets Designated at FVPL
      12.2.2.a. Debt Securities – Government
      12.2.2.b. Debt Securities – Private

12.3. Accrued Interest Income - Available for Sale Financial Assets
   12.3.1. AFS Debt Securities – Government
   12.3.2. AFS Debt Securities – Private

12.4. Accrued Interest Income - Held-to-Maturity Investments
   12.4.1. HTM Debt Securities – Government
   12.4.2. HTM Debt Securities – Private

12.5. Accrued Interest Income - Loans and Receivables
   12.5.1. Real Estate Mortgage Loans
   12.5.2. Collateral Loans
   12.5.3. Guaranteed Loans
   12.5.4. Chattel Mortgage Loans
   12.5.5. Policy Loans
   12.5.6. Notes Receivable
   12.5.7. Housing Loans
   12.5.8. Car Loans
   12.5.9. Low Cost Housing Loans
   12.5.10. Sales Contract Receivable
   12.5.11. Unquoted Debt Securities
   12.5.12. Others

12.6. Accrued Dividends Receivable
   12.6.1. FVPL Equity Securities
   12.6.2. DFVPL Equity Securities
   12.6.3. AFS Equity Securities

13. ACCOUNTS RECEIVABLE
This may comprise of the following:
13.1. Advances To Agents (Agents Accounts)/Employees - This represents advances to insurance agents and salary loans of officers and staff granted by the company to be liquidated thru regular deductions from commissions and salaries, respectively.

13.2. Subscriptions Receivable - This represents amounts receivable from stockholders who signified their intention to subscribe to the capital stock of the company and duly covered by a subscription agreement.

13.3. Operating Lease Receivables - This represents the amount of rent receivables arising from operating lease contracts. Lease income should be recognized on a straight-line basis.

13.4. Allowance for Impairment Losses - This represents the total amount set up to provide for losses that may arise from non-collection of accounts receivable.

14. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

This shall comprise the following accounts:

14.1. Investment in Subsidiaries - This represents the amount of the company’s investments in the shares of stock of its subsidiaries. As provided under PAS 27, a subsidiary is an entity that is controlled by another entity (known as the parent).

14.2. Investment in Associates - This represents the cost of the company’s investments in the shares of stock of its associates. An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

14.3. Investments in Joint Ventures - This represents the cost of the company’s investments in joint ventures. A joint venture is a contractual arrangement whereby the company and one or more other parties undertake an economic activity which is subject to joint control.

15. PROPERTY AND EQUIPMENT

This account represents tangible items that:

(a) are held for use in the company’s business operations or for administrative purposes; and

(b) are expected to be used during more than one period.

This account shall have sub-accounts as follows based on the nature of the fixed assets:

15.1. Land – At cost. - This represents the acquisition cost of the land. Acquisition cost shall consist of the purchase price and all expenditures incurred directly attributable to acquisition.

15.2. Building And Building Improvements – At cost - This represents acquisition/construction cost of the building and improvements, including costs incurred subsequent to initial recognition which meet the recognition criteria.

15.2.a. Accumulated Depreciation – Building And Building Improvements - This represents the aggregate of the depreciation on the building and building improvements charged by the company against current operations.
15.3. Leasehold Improvements – At cost - This represents the cost of additions, improvements and/or alterations on the company’s leased office premises which are incurred in making the property ready for use and occupancy. This should include the initial estimate of the costs of dismantling and removing the improvements and restoring the site, the obligation for which the company incurs when the property is leased.

15.3.a. Accumulated Depreciation - Leasehold Improvements

15.4. IT Equipment - At cost - This represents the cost of the information processing systems of the company including the computer hardware, customized software, and peripherals.

15.4.a. Accumulated Depreciation – IT Equipment

15.5. Transportation Equipment – At cost - This represents the cost of motor vehicle and other transportation equipment owned, operated, used, or to be used by the company in carrying out its business and/or insurance operations and as service vehicle of its officers and employees.

15.5.a. Accumulated Depreciation - Transportation Equipment

15.6. Office Furniture, Fixtures and Equipment – At cost - This represents the costs of office machines, equipments, furniture and fixtures.

15.6.a. Accumulated Depreciation - Office Furniture, Fixtures and Equipment

15.7. Property and Equipment Under Finance Lease - This represents the cost property and equipment leased by the company under a lease agreement which qualifies as a finance lease under PAS 17.

15.7.a. Accumulated Depreciation on Property and Equipment under Finance Leases

15.7. and 15.7.a. shall comprise of the following sub-accounts:

(i) Land;
(ii) Buildings and Building Improvements;
(iii) Leasehold Improvements;
(iv) IT Equipment;
(v) Transportation Equipment;
(vi) Office Furniture, Fixtures and Equipment

15.8. Revaluation Increment - This represents the revaluation increase in the carrying amount of the company’s property and equipment under the revaluation model.

15.8.a. Accumulated Depreciation – Revaluation Increment

15.8. and 15.8.a. shall comprise of the following sub-accounts:

(i) Land;
(ii) Buildings and Building Improvements;
(iii) Leasehold Improvements;
(iv) IT Equipment;
(v) Transportation Equipment;
(vi) Office Furniture, Fixtures and Equipment
15.9. Accumulated Impairment Losses - This represents the cumulative amount of impairment loss incurred on property and equipment. This shall be accounted for in accordance with PAS 36.

16. INVESTMENT PROPERTY
This represents property (land or building, or part of a building, or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

(a) use in the company’s business operations or for administrative purposes; or
(b) sale in the ordinary course of business.

This account shall be classified as follows:

16.1. Land – at cost
16.2. Building and Building Improvements – at cost
16.3. Accumulated Depreciation – Building and Building Improvements
16.4. Land – at fair value
16.5. Building and Building Improvements – at fair value
16.6. Foreclosed Properties - This represents real and other properties acquired by company in settlement of loans through foreclosure of mortgage loan arrangements.

17. NON-CURRENT ASSETS HELD FOR SALE
This represents assets available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. This generally pertains to non-current assets whose carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

18. INTANGIBLE ASSETS
This represents identifiable non-monetary assets without physical substance which qualify for capitalization in accordance with PAS 38.

18.1. Accumulated Amortization - This represents the accumulated amortization on intangible assets which are charged to current operations.
18.2. Accumulated Impairment Losses - This represents the impairment loss incurred on intangible assets which are accounted for in accordance for with PAS 36.

19. RECEIVABLE FROM LIFE INSURANCE POOLS
This represents the company’s contribution to the life insurance pools which serve as contingency reserve (i.e.) contributions to Home Development Mutual Fund – Yearly Renewable Term (HDMF-YRT) pool. Pag-ibig-MRI Pool, CARP, etc.

20. SECURITY FUND CONTRIBUTION
This refers to contribution of the company to the Security Fund-Life Account as
required under the Insurance Code for all life insurance companies authorized to do business in the Philippines.

21. PENSION ASSET
This represents the excess of fund assets over the post-retirement benefit liability and is computed as the net total of the following amounts:
(a) the present value of the defined benefit obligation at the balance sheet date;
(b) plus any actuarial gains (less any actuarial losses) not recognized because of the application of the 10% corridor;
(c) minus any past service cost not yet recognized;
(d) minus the fair value at the balance sheet date of plan.
This shall be accounted for in accordance with PAS 19.

22. PREPAYMENTS
This represents prepayment of expenses which may include prepaid commissions, prepaid rent and other such accounts. It may include the following accounts.

22.1. Prepaid Commissions - This represents commissions paid in advance to the members of the agency force.

22.2. Prepaid Rent - This represents advance payment on leased properties.

22.3. Rental Deposit - This represents rental deposits on leased properties which may be applied on the last period of occupancy or may be refunded upon termination of the lease contract.

22.4. Input VAT - This represents the excess of the company's input VAT not yet claimed against the output VAT payable.

22.5. Prepaid Tax - This represents income taxes which have been withheld from payments made to the company.

22.6. Documentary Stamps Inventory - This represents the balance as of cutoff date of the documentary stamps machine. Documentary stamps in the metered machine are usually maintained for the main purpose of affixture to the insurance policies. This is not an admissible asset for MOS computation purposes.

23. DERIVATIVE ASSETS HELD FOR HEDGING
This represents the positive fair value of derivatives that are designated and considered effective hedging instruments.

23.1. Fair Value Hedge - This represents the positive fair value of derivatives that are designated and considered effective fair value hedging instruments. Fair value hedge is
a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss.

23.2. Cash Flow Hedge - This represents the positive fair value of derivatives that are designated and considered effective cash flow hedging instruments. Cash flow hedge is a hedge of the exposure to variability in cash flows that (i) is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and (ii) could affect profit or loss.

23.3. Hedges of a Net Investment in Foreign Operation - This represents the positive fair value of derivatives that are designated and considered effective hedging instruments for hedges of a net investment in foreign operation.

24. OTHER ASSETS
This represents other assets which cannot be classified in any of the foregoing accounts.

LIABILITIES

1. AGGREGATE RESERVE FOR LIFE POLICIES
This represents the actuarial reserves set up by the company pertaining to the life policies in force as at the end of the accounting period. It refers to the amount of liability which the insurance company establishes for a policy to meet the contractual obligation as it falls due.

1.1. Statutory Aggregate Reserve for Life Policies
This represents the actuarial reserves set up by the company computed based on the requirements of the Insurance Code.

1.2. Adjustment to Statutory Aggregate Reserve
This represents the necessary adjustment to be made to the statutory reserves to arrive at the GAAP reserves.

1.3. GAAP Aggregate Reserve for Life Policies
This represents the actuarial reserves set up by the company computed in accordance with the requirements of generally accepted accounting principles.

2. AGGREGATE RESERVE FOR ACCIDENT AND HEALTH POLICIES
This represents the actuarial reserves set up by the company pertaining to accident and health policies in force as of the end of the accounting period.

2.1 Statutory Aggregate Reserve for Accident and Health Policies
This represents the actuarial reserves set up by the company computed based on the requirements of the Insurance Code.
2.2. Adjustment to Statutory Aggregate Reserve
This represents the necessary adjustment to be made to the statutory reserves to arrive at the GAAP reserves.

2.3. GAAP Aggregate Reserve for Accident and Health Policies
This represents the actuarial reserves set up by the company computed in accordance with the requirements of generally accepted accounting principles.

3. RESERVE FOR SUPPLEMENTARY CONTRACTS WITHOUT LIFE CONTINGENCIES
This represents the actuarial reserves set up by the company pertaining to supplementary contracts sold without life contingencies which are in force as of the end of the accounting period.

3.1. Statutory Aggregate Reserve for Supplementary Contracts without Life Contingencies
This represents the actuarial reserves set up by the company computed based on the requirements of the Insurance Code.

3.2. Adjustment to Statutory Aggregate Reserve
This represents the necessary adjustment to be made to the statutory reserves to arrive at the GAAP reserves.

3.3. GAAP Aggregate Reserve for Supplementary Contracts without Life Contingencies
This represents the actuarial reserves set up by the company computed in accordance with the requirements of generally accepted accounting principles.

4. RESERVES FOR VARIABLE UNITS HELD BY POLICYHOLDERS
This represents the reserves set up by the company for the variable units held by the policyholders.

5. POLICY AND CONTRACT CLAIMS PAYABLE
This represents claims (death and disability benefits) filed or reported to the company but not yet paid as of the end of the accounting period. It includes claims due and unpaid, claims in the course of settlement, resisted claims and those which are incurred but not reported. Classification of each account is as follows:

5.1 Claims Due and Unpaid - This represents the amount at the end of a particular accounting period which is the sum of the individual amounts that are due and have already been approved for payment but, for one reason or another, have not actually been paid.

5.2 Outstanding Claims Reserve - This represents the amount at the end of a particular accounting period which is the sum of the individual amounts on which the company has already received notice of claim but on which, for one reason or another, final action has not been taken either approving the claims for payment in full or rejecting it in part or in full.

5.3. Claims Resisted - This represents the amount at the end of a particular accounting
period which is the sum of the individual amounts claimed on which the company has been notified that its decision to deny liability, either in whole or in part, is being challenged and on which the contest has not yet been resolved as long as it meets the conditions under PAS 37.

5.4. Claims Incurred but not yet Reported - This represents the amount at the end of a particular period which is an estimate of the sum of the individual claims that have already occurred but on which notice has not yet been received by the company. This estimate takes into account any policy reserve liability set up buy the company and any amount recoverable from reinsurers.

6. AMOUNT DUE TO INSURERS
This represents reinsurance premiums due and payable by the company to all its reinsurers whether by treaty or facultative.

7. LIFE INSURANCE DEPOSIT/APPLICANT'S DEPOSIT
(This represents amounts received from a policyholder other than his payment for premium or for any lien on his policy. It also includes amounts received from life insurance applicants equal to one modal premium to cover the initial premium pending issuance of his policy. Payments by the policyholder while the policy is in the process of reinstatement are also classified under this account.

8. PREMIUM DEPOSIT FUND
This represents amounts held under deposit agreements which do not represent payment of specific premiums which shall earn interest at such rates as maybe declared by the company each year but never less than the lowest interest rate, net of tax, prevailing on savings accounts on banks. Every policy anniversary the interest earned by the deposit shall be credited to this fund.

9. REMITTANCES UNAPPLIED DEPOSIT
This represents industrial premiums collections and other cash collections in which the proper account to be credited cannot be ascertained yet.

10. PREMIUMS RECEIVED IN ADVANCE
This represents premiums received by the company in excess of one modal premium.

11. RESERVE FOR DIVIDENDS TO POLICYHOLDERS/DIVIDENDS HELD ON DEPOSIT
This represents estimated dividends due and payable to participating policies which are in force for three or more years, for the succeeding calendar year.

12. POLICYHOLDERS' DIVIDENDS DUE AND UNPAID
This represents dividends due to the policyholders' which have not been paid.

13. POLICYHOLDERS' DIVIDEND ACCUMULATIONS / DIVIDENDS HELD ON DEPOSIT
This represents dividends which policyholders did not withdraw from the company but have left with the company to accumulate and earn interest.
14. MATURITIES AND SURRENDERS PAYABLES
This represents claims on matured and surrendered policies due and unpaid at the end of
the accounting period pending compliance with some requirements.

15. COMMISSIONS PAYABLE
This represents commissions and other agents’ emoluments due and payable to the
company’s agents, general agents and insurance brokers as at the end of the accounting
period.

16. TAXES PAYABLE
This represents liabilities due to the BIR which comprise of the following accounts:
16.1. Premiums Tax Payable - This represents the unpaid and un-remitted balances of
the premium tax liability.

16.2. Documentary Stamps Tax Payable - This represents documentary stamps not yet
affixed as of cut-off date on policies already issued or in force and on original issues of
stock certificates.

16.3. Income Tax Payable - This represents income taxes due and payable to the
government net of creditable taxes and/or whatever income tax payments made on a
quarterly basis.

16.4 Withholding Taxes payable - This represents income taxes withheld from the
salaries of employees and creditable taxes withheld from source under the expanded
withholding tax system from the remunerations of agents, brokers, general agents,
medical examiners and other agencies/corporations for services rendered. These shall be
remitted to the BIR on a monthly basis.

16.5. Documentary Stamps Payable - This represents documentary stamps not yet
affixed as of cut-off date on policies already issued or in force and on original issues of
stock certificates.

16.6. Income Tax Payable - This represents income taxes due and payable to the
government net of creditable taxes and/or whatever income tax payments made on a
quarterly basis.

17. ACCOUNTS PAYABLE
This represents liabilities of the company as a result of indebtedness due to any
corporations, individual or supplier which may be classified under any of the following
accounts:
17.1 Withholding Taxes Payable - This represents income taxes withheld from the
salaries of employees and creditable taxes withheld from source under the expanded
withholding tax system from the remunerations of agents, brokers, general agents,
medical examiners and other agencies/corporations for services rendered. These shall be
remitted to the BIR on a monthly basis.

17.2 SSS Premiums Payable - This represents to SSS premiums/contributions withheld
from the salaries of officers and staff representing employees’ contributions to the SSS.

17.3 SSS Loans Payable - This represents the SSS salary loan amortizations deducted from the salaries of officers and staff with outstanding loan accounts with the SSS.

17.4. Pag-ibig Payable - This represents the contributions to the Home Development Mutual Fund (HDMF Pag-ibig) deducted from the salaries of officers and staff and remitted by the company to HDMF every month.

17.5. Pag-ibig Loans Payable - This represents the Pag-ibig loan amortizations deducted from the salaries of officers and staff with outstanding loan accounts with the Pag-ibig.

17.6. Operating lease liability - This represents the amounts payable arising from lease contract which is classified as an operating lease in accordance with PAS 17. Lease payments shall be recognized as an expense on a straight-line basis over the term of the lease.

18. DIVIDENDS PAYABLE
This represents cash dividends already declared but still unpaid and due to the stockholders of the company.

19. LIABILITY ON LIFE INSURANCE POOL BUSINESS
This represents the company’s share in liabilities pertaining to participation in the life insurance pool business.

20. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS
These represent financial liabilities which are carried at fair value through profit and loss.

20.1. Financial Liabilities Held for Trading - This represents financial liabilities that are:
(a) acquired principally for the purpose of selling or repurchasing it in the near term; or
(b) part of a portfolio of identified securities that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

20.2. Financial Liabilities Designated At Fair Value Through Profit Or Loss - These represent financial liabilities which the company, upon initial recognition, has designated at fair value through profit or loss.

20.3. Derivative Liabilities - These represent the negative fair value of the company’s derivatives which are not designated and effective hedging instruments. These shall comprise of the following sub-accounts based on the types of derivative contracts:
   20.3.a. Foreign exchange contracts - These represent contracts to purchase/sell foreign currencies at a future date at a fixed rate.
   20.3.b. Interest rate contracts - These represent contracts related to an interest bearing financial instrument or whose cash flows are determined by referencing interest rates or another interest rate contract.
20.3.c. Equity contracts - These represent contracts where the returns are linked to the price of a particular equity or equity index.

21. NOTES PAYABLE
These represent long-term and short-term notes payable or any kind of indebtedness duly covered by promissory notes and which are interest-bearing. Payment of interest and principal is based on predetermined amortization schedule on due dates duly agreed upon in the loan agreement. This shall be carried at amortized cost using the effective interest rate method.

22. FINANCE LEASE LIABILITY
This represents the company’s future minimum lease payments relating to finance leases accounted for in accordance with PAS 17.

23. POST EMPLOYMENT BENEFIT OBLIGATION
This represents the company’s obligation with respect to the retirement and other post-employment benefits granted to employees. This is calculated as the net total of the following amounts:

(a) the present value of the defined benefit obligation at the balance sheet date;
(b) plus any actuarial gains (less any actuarial losses) not recognized because of the application of the 10% corridor;
(c) minus any past service cost not yet recognized;
(d) minus the fair value at the balance sheet date of plan.

This shall be accounted for in accordance with PAS 19.

24. ACCRUAL FOR OTHER LONG TERM EMPLOYEE BENEFITS
This represents accruals for the company’s obligation for other types of long-term benefits provided to its employees other than those arising from post employment benefits.

25. ASSET RETIREMENT OBLIGATION
This represents the company’s obligations for dismantling, removing and restoring the site on which an item is located that are incurred during a particular period as a consequence of having used the item for property and equipment during that period.

26. DEFERRED TAX LIABILITY
This represents the total amount of deferred tax on taxable temporary differences, except those arising from:
- the initial recognition of goodwill;
- goodwill for which amortization is not deductible for tax purposes;
the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit (tax loss).
27. PROVISIONS
This represents the amount recognized by a company for a liability which is uncertain in amount or timing. A provision shall be recognized when:

(a) the company has a present obligation (legal or constructive) as a result of a past event;
(b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
(c) a reliable estimate can be made of the amount of the obligation.

28. CASH-SETTLED SHARE BASED PAYMENT
This represents liability arising from cash-settled share based payments. Until the liability is settled, the company shall re-measure the fair value of the liability at each reporting date and at the date of settlement, with any changes in fair value recognized in the income statement for the period.

29. ACCRUED EXPENSES
This represents expenses incurred for the period and shall be accrued by the company. This shall be comprised of the following sub-accounts:

29.1. Accrued Utilities - This represents accruals for utilities consumed by the company during the reporting period which have not yet been paid. This includes accruals for electricity, water and communications.

29.2. Accrued Services - This represents accruals for services rendered to the company such as janitorial, security, professional fees and others.

29.3. Accrual for Unused Compensated Absences - This represents the company's liability relating to unused compensated absences, incurred when the employees render service.

30. OTHER LIABILITIES
This represents other liabilities which cannot be appropriately classified under the foregoing liability accounts. It may comprise:

30.1. Deferred Income - This represents income received during the accounting period but not yet earned for which recognition as income is deferred.

30.2. Agency retirement plan - This refers to the outstanding liability of the Company under the retirement plan it administers for the members of its agency force.

30.3. Agency Group Hospitalization Plan - This represents the outstanding liability of the company pertaining to the group hospitalization coverage of member of the agency force and their dependents.

30.4. Agency Group Term Plan - This represents the outstanding liability of the company
pertaining to the group insurance coverage of members of the agency force.

30.5. Agent Cash Bond Deposit - This represents the outstanding liability of the company pertaining to the cash bond deposits of members of the agency force.

31. DERIVATIVE LIABILITIES HELD FOR HEDGING
This represents the negative fair value of derivatives that are designated and considered effective hedging instruments.

31.1. Fair Value Hedge - This represents the negative fair value of derivatives that are designated and considered effective fair value hedging instruments. Fair value hedge is a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss.

31.2. Cash Flow Hedge - This represents the negative fair value of derivatives that are designated and effective cash flow hedging instruments. Cash flow hedge is a hedge of the exposure to variability in cash flows that (i) is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and (ii) could affect profit or loss.

31.3. Hedges of a Net Investment in Foreign Operation - This represents the negative fair value of derivatives that are designated and considered effective hedging instruments for hedges of a net investment in foreign operation.

EQUITY

1. CAPITAL STOCK
This represents ownership of the stockholders in the company composed of capital stocks issued and outstanding as at report date. This shall be further subdivided as follows:

1.1. Preferred Stock - This represents shares which provide the shareholders preference as to dividends and upon liquidation. The features of the preferred shares are varying and should be carefully analyzed whether these qualify as capital stock or creates an obligation on the part of the company. In the latter case, the preferred shares issued should be classified as part of liabilities.

1.2. Common Stock - This represents shares of stock issued to shareholders which have the residual equity interest in the company.

2. CAPITAL STOCK SUBSCRIBED
This represents the par value of the total number of shares of capital stock subscribed by the stockholders of the company and duly covered by subscriptions agreements.

3. CONTRIBUTED SURPLUS / HOME OFFICE INWARD REMITTANCES
This represents original contributions of the shareholders as provided under the Insurance Code. For foreign companies, the equivalent account for Contributed Surplus is Home Office Inward Remittances.

4. CONTINGENCY SURPLUS
This represents contributions of the stockholders to cover any deficiency in the Margin of Solvency as required under the Insurance Code and can be withdrawn only upon the approval of the Insurance Commission.

5. CAPITAL PAID IN EXCESS OF PAR
This represents payment for the shares of stock of the company bought or paid for in excess of its par value.

6. RETAINED EARNINGS / HOME OFFICE ACCOUNT
This represents the accumulated earnings of the company reduced by whatever losses the company may incur during a certain accounting period or by dividend declarations. For foreign companies, the equivalent account for retained earnings is Home Office Account.

7. COST OF SHARED BASED PAYMENT
This represents the cumulative amount of expenses recognized by the company arising from equity-settled share-based payment transactions.

8. RESERVE ACCOUNTS
8.1. Reserve for AFS Securities - This represents gains or losses arising from fair value changes of available for sale securities.
8.2. Reserve for Cash Flow Hedge - This represents gains or losses arising from fair value changes of hedging instruments in a cash flow hedge.
8.3. Reserve for Hedge of a Net Investment in Foreign Operations - This represents gains or losses arising from change in fair value of hedging instruments in a hedge of a net investment in foreign operations.
8.4. Cumulative Foreign Currency Translation - This represents gains or losses arising from foreign currency translations on the following:
   (i) foreign currency denominated non-monetary items, where such gains or losses are recognized directly in equity, and,
   (ii) translation of foreign operations with different functional currency.

9. RESERVE FOR APPRAISAL INCREMENT – PROPERTY AND EQUIPMENT
This represents the appraisal increment on property and equipment when the company applies the revaluation model of PAS 16.

10. TREASURY STOCK
This represents stocks already issued but reacquired by the company.
11. MINORITY INTEREST IN SUBSIDIARIES
This represents the portion of the net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent in the line by line consolidated financial statements.

INCOME ACCOUNTS

1. PREMIUM INCOME - FIRST YEAR
This represents considerations given by the insured in exchange for the promises of the insurer to pay a stipulated sum in the event of a loss covered under the insurance contract. This relates to the first year aggregate premiums earned or accrued during the accounting year pertaining to new and direct business, inclusive of all riders, clauses, or indemnities and any other supplementary features, exclusive of documentary stamp charges and premium tax.

2. PREMIUM INCOME - RENEWAL
This represents the aggregate premiums earned which particularly pertains to the extension of a policy beyond its original term or the renewal of the said policy for another period upon the anniversary date of the policy. Premium renewal refers solely to the renewal premiums earned based on the base amount of the renewal certificate/policy inclusive of any rider, clauses, indemnities and any other supplementary features.

3. PREMIUM GROUP - FIRST YEAR/RENEWAL
This represents the aggregate premiums earned during the year pertaining to insurance coverage granted with/without medical examination to a group of employees, the premiums of which are either paid wholly by the employer or partly by the insured members. It also includes premiums earned on insurance pool business. This is classified as premium group-first year for aggregate premiums earned during the first policy contract year and premium group-renewal for the premiums earned after the first policy contract year.

4. PREMIUM PAID-UP INSURANCE
This represents the aggregate premiums earned during the accounting period pertaining to a reduced paid up insurance pertinent to the non-forfeiture option which provides that upon cessation of premium payments, the policy will be continued for a reduced amount without any additional premiums payment.

5. REINSURANCE PREMIUMS RECEIVED - FIRST YEAR
This represents the aggregate reinsurance premiums earned from ceding companies on first year business both under the automatic treaty and facultative agreements. Whereas, the reinsurance premiums received-life pertains to the premiums on acceptances based on the face amount of the policy, the additional reinsurance premiums earned are appropriately distributed in accordance with all the corresponding policy riders.
6. REINSURANCE RENEWAL PREMIUMS RECEIVED
This represents reinsurance premiums accepted or received from other insurance companies pertaining to premiums after the first policy contract year. Reinsurance Renewal Life refers to the reinsurance accepted on the renewal premiums based on the face amount of the renewal certificate/policy inclusive of all other policy riders.

7. REINSURANCE PREMIUMS Ceded - FIRST YEAR/RENEWAL
This represents premiums ceded to reinsurers under the treaty and/or facultative agreement with other insurance companies. These are appropriately distributed in accordance with the premium on the life of the assured and the corresponding riders attached to the policy.

7.1 Reinsurance - First Year/Renewal - Individual Insurance
This represents premiums ceded to reinsurers under the treaty and/or facultative agreement with other insurance companies, classified as first year or renewal reinsurance on individual insurance business.

7.2 Reinsurance - Group Insurance
This represents premiums corresponding to the excess in the company's retention on group business ceded to reinsurers under the treaty and/or facultative agreement with other insurance companies.

8. PROFIT COMMISSIONS
This represents the share of the profits derived from the insurance business in the form of commissions which is usually computed as a percentage of the difference between the reserves for the first year and the renewal businesses less the expenses and the claims.

9. EXPERIENCE REFUND
This represents the refund received from the reinsurers on the premiums paid based on the actual mortality experienced by a company over a given period where the experience rating or mortality is favorable to the reinsurer.

10. INTEREST ON OVERDUE PREMIUM
This represents the interest earned resulting from the imposition upon the policyholder of interest on delayed payment of premiums.

11. POLICY ISSUE FEE
This represents fees received from policyholders who request for reissuance of a policy contract in cases where the original policy may have been lost, or misplaced by the owner as evidenced by a duly notarized affidavit of loss. Reissuance is made upon the request of the policyholder and a minimal fee is charged against this account.

12. INTEREST INCOME
This represents interest income due and accrued which is earned by the company from its various investments. This shall be comprised of the following sub-accounts:
12.1. Interest Income – Cash in Banks - This represents interest income earned from savings accounts and time deposits.

12.2. Interest Income - Financial Assets at FVPL
   12.2.1. Securities Held for Trading
            12.2.1.a. Debt Securities – Government
            12.2.1.b. Debt Securities – Private
   12.2.2. Financial Assets Designated at FVPL
            12.2.2.a. Debt Securities – Government
            12.2.2.b. Debt Securities – Private

12.3. Interest Income - Available for Sale Financial Assets
   12.3.1. AFS Debt Securities – Government - This account represents interest received and/or accrued arising from investments in government securities (such as Treasury Bills, Treasury Notes, government bonds). These shall be classified into two: Non-taxable (NT) and those subject to Final tax (FT).

   12.3.2. AFS Debt Securities – Private - This represents interest income received and/or accrued arising from investments in debt instruments issued by the private sector such as commercial papers, corporate notes and bonds.

12.4. Interest Income - Held-to-Maturity Investments
   12.4.1. HTM Debt Securities – Government
   12.4.2. HTM Debt Securities – Private

12.5. Interest Income - Loans and Receivables
   12.5.1. Real Estate Mortgage Loans - This represents interest earned during the period from real estate mortgage loans.
   12.5.2. Collateral Loans - This represents interest earned during the period from collateral loans.
   12.5.3. Guaranteed Loans - This represents interest earned during the period from guaranteed loans.
   12.5.4. Chattel Mortgage Loans - This represents interest earned during the period pertaining to interest bearing loans duly secured by a mortgage on chattels, such as cars or motor vehicles.
   12.5.5. Policy Loans - This represents interest earned on policyholders’ outstanding policy loans, whether under the direct cash loan or under the automatic premium loan.
   12.5.6. Notes Receivable - This represents interest earned during the period derived from interest bearing promissory notes.
   12.5.7. Housing Loans - This represents interest earned during the period derived from housing loans.
   12.5.8. Car Loans - This represents interest earned during the period derived from car loans.
   12.5.9. Low Cost Housing Loans - This represents interest earned during the period arising from low cost housing loans.
12.5.10. Sales Contracts Receivables - This represents interest earned on purchase money mortgages.
12.5.11. Unquoted Debt Securities - This represents interest earned on unquoted debt securities which are classified as loans and receivables.
12.5.12. Others - This represents interest income earned which are not otherwise classified under any of the other accounts. Included in this account are the interest earned from the Security Deposit Fund held by the Insurance Commission; interest received from the Association of Mortgage Redemption Insurance (AMRI); special loans; etc.

13. DIVIDEND INCOME
This represents income derived from cash dividend declaration on stock investments, including those accrued or earned but not yet received.

14. GAIN/LOSS ON SALE OF INVESTMENTS
This represents gains/losses realized on sale of the company's investments. This shall be composed of the following sub-accounts:

14.2. Financial Assets and Liabilities Designated at Fair Value through Profit and Loss
14.3. Available for Sale Financial Assets
14.4. Investment Property
14.5. Others - This represents gains derived from the disposal or sale of assets other than those classified above.

15. GAIN ON SALE OF PROPERTY AND EQUIPMENT
This represents gain realized on sale of property and equipment.

16. UNREALIZED GAIN ON INVESTMENTS
This represents unrealized gains or losses arising from fair value changes of assets which are carried at fair values. This shall be comprised of the following sub-accounts:

16.1. Financial Assets and Liabilities Held for Trading
16.2. Financial Assets and Liabilities Designated at Fair Value through Profit and Loss
16.3. Derivative Assets/Liabilities
16.4. Investment Property

17. RENTAL INCOME
This represents income generated from the rental of investment property. Rental income shall be recognized on a straight-line basis over the lease term.

18. MISCELLANEOUS INCOME
This represents income received or earned from various sources which cannot be properly classified under any of the income accounts. It includes, among other things, income derived from SSS collection fee, proceeds from sale of old newspapers, recoveries from accounts receivables, and other collections.
UNDERWRITING EXPENSE ACCOUNTS

19. CLAIMS EXPENSE
This represents the aggregate losses and claims against the company arising from the life insurance contracts issued to policyholders. This can be classified as follows:

19.1 Death Claims - This represents the aggregate losses and claims incurred by the company on the sum assured of the life insurance contracts arising from the death of the assured.

19.2 Accidental Death Benefit - This represents the aggregate losses and claims incurred by the company arising from a rider in the insurance contract promising to pay double the face amount of the policy should death be caused by accident.

19.3 Disability Claims - This represents the total disability benefits paid during the period.

19.4 Health Insurance Benefit - This represents all payments made to policy-owners and beneficiaries of health insurance during the period.

19.5 Medical Insurance Benefit - This represents amounts paid to doctors and hospitals for the services rendered to individual policyholders.

20. ENDOWMENT MATURITIES/ANTICIPATED ENDOWMENT MATURITIES
This represents a specified sum of money paid to the policyholder, if he doesn’t die, at the end of a designated period. Anticipated amount of endowment maturities are paid out at designated periods of time e.g., every five (5) years.

21. CASH SURRENDER VALUES
This represents the amount due the assured, net of outstanding policy loans and interest thereon, upon the surrender of the policy before its maturity date.

22. INCREASE/DECREASE IN AGGREGATE POLICY RESERVE
This represents the net change in the aggregate policy reserves from the previous reporting period.

23. INCREASE/DECREASE IN RESERVE FOR POLICYHOLDERS DIVIDENDS
This represents the net change in the reserve for policyholders dividends from the previous reporting period.

24. INCREASE IN LOADING
This represents the aggregate increase in net premiums to cover operational expenses and contingencies.

25. RETROCESSION COMMISSION
This represents commissions paid to the reinsurers on their acceptance of the reinsurance business.
26. COMMISSION EXPENSE
This represents a percentage of the premium paid, due or payable to the agent for the introduction of a new business. This is classified as follows:

26.1. Commission – First Year – Individual - This represents a percentage of the premium of the first policy year of an individual business paid to the agent for the introduction of the new business.

26.2 Commission – First Year – Group - This represents a percentage of the premium of the first policy year paid to the agent for the introduction of the new group business.

26.3 Renewal Commissions - This represents commissions due to agents on renewal premiums collected on due dates.

26.4 Overriding Commissions - This represents commissions due to general agents based on the commissions received by agents under their agency on first year and/or renewal premiums.

27. MEDICAL FEE
This represents payment to the medical director and other authorized medical examiners for the examination done on insurance applicants.

28. INSPECTION REPORT FEE
This represents fees paid for the medical investigators and inspection of certain policyholders with outstanding (death/disability) claims. It also includes fees for the credit or background investigation that may be conducted on prospective employees, insurance applicants, borrowers, etc.

29. PREMIUM TAX
This represents the percentage tax due and payable to the government based on the gross direct premium income.

30. DOCUMENTARY STAMPS
This represents the cost of documentary stamps affixed to new ordinary business issued and to additions in the face amount of the policy during the year. It also includes the documentary stamps affixed to original issues of stock certificates, policy loan contracts, agents’ certificate of authority, annual statement and any other such legal documents and contracts.

30.1. Documentary Stamps – Ordinary Business – Individual - This represents the cost of documentary stamps affixed to new ordinary business issued and to additions in the face amount of the policy during the year. The cost of documentary stamps is computed based on the face amount of the policy.

30.2. Documentary Stamps – Group Business - This represents the cost of documentary stamps affixed to group policies issued during the year.

30.3. Documentary Stamps – Stocks - This represents the cost of documentary stamps
affixed to new or original issues of stocks during the year.

30.4. Documentary Stamps – Policy Loans - This represents the cost for the replenishment of the Documentary Stamps Fund and credited for the amount deducted from the policy loan proceeds of the policyholder.

30.5. Documentary Stamps – Others - This represents cost of documentary stamps expense for transactions not classified under any of the above accounts such as BIR assessment for deficiency of documentary stamps in the prior years, reimbursement of documentary stamps affixed to agents’ certificate of authority, affixtures of documentary stamps to the company’s certificate of authority and the annual statement for filing with the Insurance Commission, and others.

31. AGENCY EXPENSE
This represents expenses incurred by an agency such as cost of training and retirement, office supplies, allowances and other operating expenses of the agency which are shouldered by the company.

32. PRIZES AND AWARDS
This represents the cost of prizes and awards given to insurance agents in recognition of outstanding sales performance.

33. SALARIES AND WAGES
This represents basic salaries, wages and allowances, including bonuses and 13th month pay of all company officers and staff.

34. SSS CONTRIBUTIONS
This represents the company’s share in the contribution to the SSS for the benefit of the officers and staff of the company.

35. MEDICARE CONTRIBUTIONS
This represents the company’s share in the contribution for the Medicare benefits of officers and staff.

36. PAG-IBIG CONTRIBUTION
This represents the company’s share in the contribution for the Pag-ibig Fund or the Home Development Mutual Fund for the benefit of the employees of the company.

37. EMPLOYEES COMPENSATION AND MATERNITY CONTRIBUTIONS
This represents the company’s share in the contribution to the SSS for the maternity, sickness and disability benefits of all company employees.

38. HOSPITALIZATION CONTRIBUTION
This represents the company’s contribution for the employee’s hospitalization benefits
under the group insurance coverage.

39. MEDICAL SUPPLIES
This represents expenses incurred by the company for the purchase of medicines and other medical supplies for the use of or issuance to the employees.

40. EMPLOYEE'S WELFARE
This represents other benefits given to the employees by the company including uniform, service awards, annual excursion expenses, Christmas party benefits, expenses incurred during company meetings, and others not specifically classified under any of the other foregoing accounts.

41. EMPLOYEE BENEFITS
This represents other employee benefits granted to employees such as compensated absences (sick leaves, vacation leaves, emergency leaves), cost of share based payment transactions and other long-term employee benefits other than post employment benefits. These shall be accounted for under PAS 19.

42. POST-EMPLOYMENT BENEFIT COST
This represents the retirement benefits of the company's employees for services rendered. It shall comprise of the following items:

(a) current service cost
(b) interest cost
(c) the expected return on any plan assets and on any reimbursement rights
(d) actuarial gains and losses,
(e) past service cost, and,
(f) the effect of any curtailments or settlements.

43. PROFESSIONAL AND TECHNICAL DEVELOPMENT
This represents the expenses in developing the professional and technical capabilities of the officers and staff of the company.

44. REPRESENTATION AND ENTERTAINMENT
This represents the cost of representation and entertainment incurred by the officers and staff for the promotion of the business of the company.

45. TRANSPORTATION AND TRAVEL EXPENSES
This represents expenses for travel and transportation of the directors, officers, employees in connection with the business operations.

46. INVESTMENT MANAGEMENT FEES
This represents fees paid to investment management consultants for the handling of the company's investment portfolio and other special projects.
47. DIRECTOR'S FEES AND ALLOWANCES
This represents fees and allowance granted to the members of the Board of Directors for their attendance in the monthly and annual meetings or whatever special meetings that the Board may have.

48. CORPORATE SECRETARY'S FEES
This represents fees granted to the corporate secretary for services rendered during the monthly Board of Directors' meetings, annual stockholders' meetings or any other special meetings that the Board of Directors or the stockholders may hold.

49. AUDITORS' FEES
This represents professional fees paid to the external auditors for the year-end audit/examination of the company's books of accounts. It also includes the monthly retainers fees, charges for the auditors' out of pocket expenses and fees for any special audit examination or consultations, including any audit and tax consultations which may be required by the company from time to time.

50. ACTUARIAL FEES
This represents professional fees paid to the external actuaries for whatever actuarial services that they may render for the company.

51. SERVICE FEES
This represents fees paid to certain authorized individuals for services rendered to the company on a contractual or temporary basis. It also includes the service fees as classified under the uniform accounting entries of the insurance business pools such as HDMF YRT Pool and the Pag-ibig - MRI Pool.

52. LEGAL FEES
This represents retainer fees and other professional fees paid to external lawyers and the company's legal counsel for whatever legal services that they may render. It includes fees for the legal assistance that they may extend in handling court cases, court settlements, notarial fees, consultancy fees, and other legal matters.

53. ASSOCIATION DUES
This represents membership and monthly dues and fees paid to various professional organizations/association such as Personal Management Association of the Philippines, Life Insurance Management Research Association, Philippine Society of Medicine, PLIA, Insurance Institute of Asia and the Pacific, Actuarial Society of the Philippines, Philippine Insurance Institute, Business Club, MIB, Philippine Institute of Certified Public Accountants, etc.

54. LIGHT AND WATER
This represents the cost of power and water consumption of the company's Head Office and its branches.

55. COMMUNICATION AND POSTAGE
This represents the cost of telephone and cellphone services both local and long distance toll charges; telegrams and mailing expenses, including postages and freight charges for the delivery of mails or cargoes sent to or received from the branches.

56. PRINTING, STATIONERY AND SUPPLIES
This represents expenses incurred by the company for the printed forms/materials, stationery and office supplies used in the business operations.

57. BOOKS AND PERIODICALS
This represents the cost of books and reference materials for office use and subscriptions to newspapers, magazines, etc.

58. ADVERTISING AND PROMOTIONS
This represents expenses for advertising and publicity to promote the business of the company including introduction of new plans and publication of the synopsis of the company’s annual report.

59. CONTRIBUTIONS AND DONATIONS
This represents donations given to civic associations, government agencies and contributions to charitable institutions and fund raising drives.

60. RENTAL EXPENSE
This represents rental expense incurred on leased properties. Rental expense shall be recognized on a straight-line basis over the lease term.

61. INSURANCE EXPENSES
This represents premiums paid on insurance coverage of office furniture, fixtures and equipments, IT equipments, company cars and others. It also includes premium charges on the guarantee or fidelity bond of accountable officers and staff as may be required by the Insurance Commission.

62. TAXES AND LICENSES
This represents taxes which are allowable deductions or expenses for income tax computation such as payment of business license, mayor’s permit, etc. It does not include taxes not deductible for income tax purposes, such as income tax assessments and penalty charges and renewal of the agent’s certificates of authority.

63. BANK CHARGES
This represents the cost of checkbooks and charges imposed by the banks for overdrafts and bounced checks, payment of safety deposit box (if any), charges for the regional clearing of provincial checks and other such charges.

64. INTEREST EXPENSES
This represents interest expense incurred by the company relative to the premium deposit fund of policyholders at the rate provided for in the individual policy contracts.
65 REPAIRS AND MAINTENANCE - MATERIALS
This represents the cost of materials used in the repair and maintenance of company assets.

66 REPAIRS AND MAINTENANCE - LABOR
This represents the cost of labor pertaining to the repairs and maintenance of company assets.

67 DEPRECIATION AND AMORTIZATION
This represents the periodic depreciation and amortization of the asset cost of the company’s depreciable fixed assets. It represents an estimate of the decline in service potential of the asset occurring during the period.

69. SHARE IN PROFIT/LOSS OF ASSOCIATES AND JOINT VENTURES
This represents the company’s share in the profit or loss of its associates or joint ventures under the equity method of accounting.

68. PROVISION FOR IMPAIRMENT LOSSES
This represents provisions for losses that may arise from loans and receivables, accounts receivables, and other financial and non-financial assets. This shall be comprised of the following sub-accounts:

68.1. Due from Ceding Companies
68.2. Amounts Recoverable from Ceding Companies
68.3. Available for Sale Financial Assets
68.4. Held to Maturity Investments
68.5. Loans and Receivables
68.6. Accounts Receivables
68.7. Property and Equipment
68.8. Investment Property
68.9. Intangible Assets
68.10. Others

70. MISCELLANEOUS EXPENSE
This represents other operating or administrative expenses which cannot be specifically classified under any of the other expense accounts.

71. PROVISION FOR INCOME TAX
71.1. Provision for Income Tax - Final
This represents final taxes withheld from sale of shares of stock and from interest earned during the year on investments in government securities and savings deposits.

71.2. Provision for Income Tax - Current
This represents the corporate income tax of the company for the period based on its taxable income.
71.3. Provision for Income Tax – Deferred
This represents provision for deferred tax assets and liabilities.

72. SUSPENSE
This represents a temporary classification of nominal accounts pending clarification of certain aspects of the transaction or compliance of certain requirements, documentation or otherwise. This account could be either a debit or a credit and needs to be reclassified subsequently as to their proper accounts. All transactions under this classification must be properly cleared out and reclassified every end of the accounting period.